



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

7001 1940 0004 7920 3678

June 15, 2007

Bill Brancard
Director

Mining and Minerals Division

Larry Bush
United Nuclear Corporation
UNC Holdings 2
P.O. Box 3077
Gallup, NM 87305

RE: United Nuclear Corporation, Prior Reclamation Sites, Anne-Lee Mine, John-Bill Mine, and Sandstone Mine, Prior Reclamation Mine Site Nos, Respectively: MK027PR, MK028PR, and MK029PR

Dear Mr. Bush:

As part of its administration of the New Mexico Mining Act (Act), NMSA 1978, Sections 69-36-1 to 69-36-20, the Mining and Minerals Division (MMD) is conducting a review of previously active uranium mine sites in New Mexico. That review identified various sites operated by United Nuclear Corporation (UNC), including the Anne Lee, John Bill, and Sandstone mines, which qualify as existing mines under NMSA 1978, Section 69-36-3 (E), but for which no Mining Act permits were ever issued.

The Mining Act and Mining Act Rules, specifically, NMSA 1978, Section 69-36-5 (E), and §19.10.5.511 NMAC, allow an operator or owner of an existing mine where reclamation has previously occurred, to apply to MMD for a determination that the prior reclamation is sufficient to release the mine from the Act's requirements. UNC applied in 1994 for such releases from the Act at the three mines identified above.

Following receipt of UNC's release requests, and after inspecting the mine sites, MMD notified UNC through a letter dated September 29, 1995, that the releases could not be granted and that UNC would be required to complete the permit process for the sites as "existing mines." UNC, however, did not proceed with the permitting process, but chose to appeal MMD's Order regarding the Anne Lee, Sandstone and John Bill Mines to the New Mexico Mining Commission.

The appeal remained on the Commission's docket for a substantial period of time and the Commission, in a *sua sponte* order dated April 29, 1997, ordered the dismissal of UNC's appeal without prejudice for lack of prosecution, unless UNC submitted reasons why the appeal should not be dismissed within thirty days of the Commission's Order.

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In a letter dated May 29, 1997, received by the Commission on June 2, 1997, counsel for UNC advised it would seek a variance from MMD and urged the Commission not dismiss its appeal as such dismissal "would prejudice United Nuclear's right to seek review of the Director's Order in this matter." In that same letter, UNC assured that if the variance was granted, it was confident the matter could be resolved quickly and UNC would voluntarily dismiss its petition.

MMD granted UNC a variance in 1998 to extend the time for compliance with the Mining Act by two years. The records indicate that UNC took no further action in this matter when the variance expired in 2000.

Ten years have passed since the Commission issued its order and this matter should now be resolved. To do so, MMD is prepared to file a motion with the Commission requesting the Commission dismiss UNC's appeal for non-prosecution.

Alternatively, it has been twelve years since MMD completed its last inspections at the above mentioned mine sites. Environmental conditions may have changed at the sites to a degree that would warrant further discussion about the requirements for permitting the sites. If UNC were to allow MMD access to the Anne Lee, John Bill, and Sandstone mines so that MMD could determine whether, given the additional passage of time, any further reclamation is required at those sites that may resolve the matter, as well as the pending appeal.

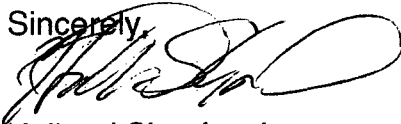
MMD therefore requests UNC contact our office within no less than thirty days of the date of this letter and indicate whether it agrees MMD should proceed to file a dismissal motion or whether UNC is agreeable to providing MMD access to the sites for inspections. MMD anticipates that some or all of the mine sites may no longer be owned by UNC; UNC nevertheless remains obligated to comply with the Mining Act as the operator of existing mines at the sites.

For MMD to complete inspection of the sites, MMD requires a right of entry to each site, site characterization information that may not have been part of UNC's previous release applications, current land ownership information and any other information UNC believes will assist MMD in completing its inspections.

If we do not receive a response within 30 days, MMD will proceed with filing its dismissal motion before the Commission, and may consider enforcement action as appropriate.

Please feel free to call me at 505-476-3437, if you wish to discuss this matter or have questions.

Sincerely,



Holland Shepherd
Program Manager
Mining Act Reclamation program

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cc: Karen Garcia, Chief, Mine Reclamation Bureau
Roy Blickwedel, Remedial Project Manager, General Electric
Prior Reclamation Site Files Nos: MK026PR, MK027PR, and MK028PR
Bill Olson, GWQB/NMED



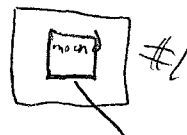


Site Name UNC - Ambrosia Lake Date 10/22/98

Location Ann Lee Grid _____

Transect Description 100' over 2 Feet \times 152°

Investigators Holland shepherd, Rob Pine, Ed Morales



1 L	2 L	3 4Wing	4 L	5 BG
6 B.	7 B.	8 L	9 L	10 B.
11 B.	12 B.	13 SP.	14 BG	15 B.
16 B.	17 B.	18 B.	19 L	20 B.
21 B.	22 L	23 WWG	24 WWG	25 SP.
26 4Wing	27 4Wing	28 B.	29 L	30 L
31 B.	32 L	33 WWG	34 WWG	35 L
36 SP.	37 B.	38 L	39 L	40 L
41 L	42 L	43 L	44 L	45 L
46 L	47 B.	48 L	49 L	50 B.

Total Rock % _____

Total Bare Ground % _____

Total Grass % _____ Total Perennial % _____ Total Annual % _____

Total Forb % _____

Total Litter % _____

about $\frac{1}{2}$ Transect went 76 site onto DOE reclaim but
looked about the same

Site Name UNC Ambrosia Lake Date 10/22/98

Location Ann Lee Grid _____

Transect Description 50' every foot ∇ 75°

Investigators _____



#2

1 L	2 L	3 wwG	4 wwG	5 L
6 IR	7 IR	8 IR	9 L	10 L
11 L	12 IR	13 IR	14 B	15 B
16 B	17 wwG	18 L	19 L	20 wwG
21 L	22 L	23 B	24 L	25 L
26 B	27 L	28 B	29 L	30 B
31 L	32 B	33 L	34 B	35 L
36 L	37 L	38 L	39 L	40 B
41 B	42 B	43 B	44 L	45 B
46 B	47 L	48 L	49 B	50 L

Total Rock % _____

Total Bare Ground % _____

Total Grass % _____ Total Perennial % _____ Total Annual % _____

Total Forb % _____

Total Litter % _____

#3

Site Name UNC Ambrosia Lake Date 10/22/98Location Ann Lee Grid _____Transect Description 50' every 1' ∇ 117°

Investigators _____

1 B	2 L	3 L	4 wwG	5 wwG
6 L	7 L	8 L	9 B	10 B
11 B	12 L	13 L	14 B	15 B
16 B	17 B	18 L	19 B	20 wwG
21 B	22 wwG	23 B	24 B	25 B
26 B	27 B	28 B	29 L	30 B
31 B	32 L	33 wwG	34 wwG	35 L
36 wwG	37 sds	38 sds	39 B	40 B
41 B	42 B	43 L	44 L	45 L
46 L	47 L	48 L	49 L	50 L

Total Rock % _____

Total Bare Ground % _____

Total Grass % _____ Total Perennial % _____ Total Annual % _____

Total Forb % _____

Total Litter % _____

4

Site Name UNC Ambrosia LakeDate 10/22/98Location Ann Lee

Grid _____

Transect Description 50' every 1' ∇ 183°

Investigators _____



1 L	2 B	3 L	4 L	5 wwG
6 B	7 L	8 wwG	9 wwG	10 wwG
11 wwG	12 L	13 L	14 L	15 wwG
16 L	17 L	18 L	19 B	20 L
21 L	22 IR	23 IR	24 L	25 IR
26 L	27 L	28 L	29 L	30 L
31 B	32 B	33 L	34 sds	35 L
36 IR	37 wwG	38 IR	39 L	40 L
41 B	42 B	43 L	44 IR	45 IR
46 B	47 B	48 L	49 L	50 B

Total Rock % _____

Total Bare Ground % _____

Total Grass % 30 Total Perennial % _____ Total Annual % _____

Total Forb % _____

Total Litter % _____

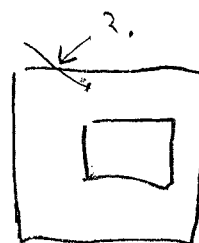
Site Name UNC Ambrosia Lake Date 10/22/98

Location Ann Lee Grid _____

Transect Description 50' every 1' 325°

Investigators _____

#5



1 L	2 L	3 L	4 L	5 L
6 L	7 L	8 wwb	9 L	10 B
11 L	1 wwb	13 IR	14 IR	15 L
16 L	17 L	18 L	19 B	20 B
21 L	22 L	23 L	24 L	25 L
26 L	27 wwb	28 L	29 L	30 B
31 L	32 L	33 L	34 L	35 wwb
36 L	37 L	38 L	39 L	40 B
41 wwb	42 wwb	43 wwb	44 ywsb	45 ywsb
46 ywsb	47 ywsb	48 ywsb	49 B	50 IR

Total Rock % _____

Total Bare Ground % _____

Total Grass % _____ Total Perennial % _____ Total Annual % _____

Total Forb % _____

Total Litter % _____

most wwb is small

ANN LEE

Table 1.A

COVER TYPE	% COVER					AVG	STD DEV
	TRNS 1	TRNS 2	TRNS 3	TRNS 4	TRNS 5		
GRASS and FORBS	14	18	18	30	20	20.0	6.0
PERENNIAL	20	18	18	30	30	23.2	6.3
ANNUAL	0	0	0	0	0	0.0	0.0
LITTER	44	50	38	50	58	48.0	7.5
BARE GROUND	36	32	44	20	12	28.8	12.8

Figure 1.A

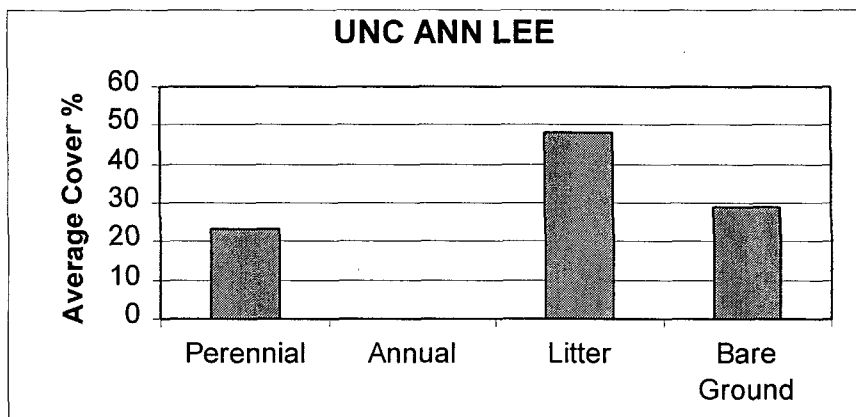
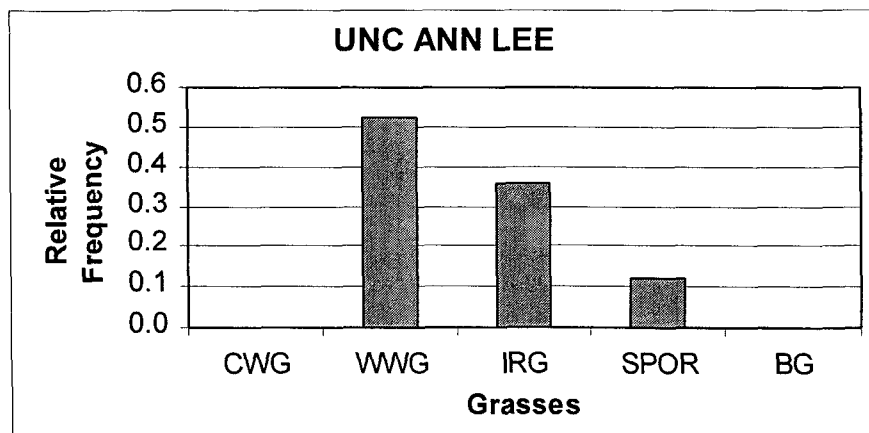


Figure 1.B





Proposed Mine Site

Reclaimed Area
Boundary Area

Scale 1" = 400'

K. K. & S. S. ENGINEERING
8338A 50th Ave. S. #100, Minneapolis, MN 55425

UNITED STATES POSTAL SERVICE

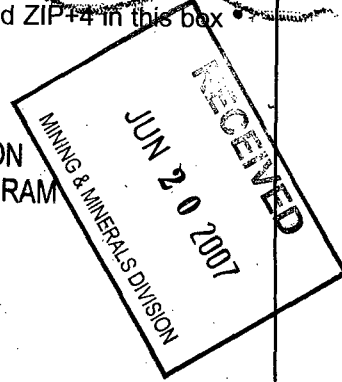
ALBUQUERQUE NM 871

18 JUN 2007 PM 1

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Diana Sainz
MINING AND MINERALS DIVISION
MINING ACT RECLAMATION PROGRAM
1220 South St. Francis Drive
Santa Fe, New Mexico 87505



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MK 029 PR Anne-Lee mine

MK 028 PR TAMBORA

MK 029 PR Sandstone II

U.S. Postal Service

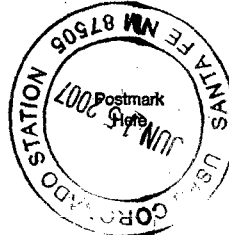
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(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

7001 1940 0004 7920 3678

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	\$ 5.38
Total Postage & Fees	\$



D. SAINZ
MMD
Sent To Larry Bush
United Nuclear Corporation
**Street, Apt. No.;
or PO Box No.** UNC Holdings 2
P.O. Box 3077
City, State, ZIP+4 Gallup, NM 87305

PS Form 3800, January 2001

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Received by (Please Print Clearly) MAX CHASCHULTZ JR. B. Date of Delivery 6-18-07</p> <p>C. Signature X Max Chaschultz Jr. <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;">Larry Bush United Nuclear Corporation UNC Holdings 2 P.O. Box 3077 Gallup, NM 87305</p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number (Copy from service label)</p> <p style="text-align: center;">7001 1940 0004 7920 3678</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

PS Form 3800, January 2001 (Reverse) 102595-M-01-2425

IMPORTANT: Save this receipt and present it when making an inquiry.

■ If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

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■ For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS postmark on your Certified Mail receipt is required.

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Certified Mail Provides: MK627PR, MK628 PR
MK6029PR